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at 7 CFR part 1403 will be applicable to contract payments.

(b) Any participant entitled to any payment may assign such payments in accordance with regulations governing assignment of payment found at 7 CFR part 1404.

§ 1470.36 Misrepresentation and scheme or device.

(a) If NRCS determines that an applicant intentionally misrepresented any fact affecting a CSP determination, the application will be determined ineligible immediately.

(b) A participant who is determined to have erroneously represented any fact affecting a program determination made in accordance with this part will not be entitled to contract payments and must refund to NRCS all payments, plus interest determined in accordance with 7 CFR part 1403.

(c) A participant will refund to NRCS all payments, plus interest determined in accordance with 7 CFR part 1403, received by such participant with respect to all CSP contracts if they are determined to have:

(1) Adopted any scheme or device that tends to defeat the purpose of the program;

(2) Made any fraudulent representation;

(3) Adopted any scheme or device for the purpose of depriving any tenant or sharecropper of the payments to which such person would otherwise be entitled under the program; or

(4) Misrepresented any fact affecting a program determination.

(d) Participants determined to have committed actions identified in paragraph (c) of this section will have their interest in all CSP contracts terminated.

§ 1470.37 Environmental credits for conservation improvements.

(a) A participant in CSP may achieve environmental benefits that qualify for environmental credits under an environmental credit-trading program. NRCS asserts no direct or indirect interest in these credits. However, NRCS retains the authority to ensure that CSP purposes are met. In addition, any requirements or standards of an environmental market program in which a

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CSP participant simultaneously enrolls to receive environmental credits must be compatible with the purposes and requirements of the CSP contract and with this part.

(b) The participant must meet all operation and maintenance (O&M) requirements for CSP-funded activities, consistent with §§ 1470.21 and 1470.23. Where activities required under an environmental credit agreement may affect the land and conservation activities under a CSP contract, NRCS recommends that CSP participants request assistance with the development of a compatibility assessment prior to entering into any credit agreement. The CSP contract may be modified in accordance with policies outlined in § 1470.25 provided the modification meet CSP purposes and is in compliance with this part.

(c) CSP participants may not use CSP funds to implement conservation practices and activities that the participant is required to establish as a result of a court order.

PART 1471—PIMA AGRICULTURE COTTON TRUST FUND (AGRICULTURE PIMA TRUST) AND AGRICULTURE WOOL APPAREL MANUFACTURERS TRUST FUND (AGRICULTURE WOOL TRUST)

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AUTHORITY: Sections 501–506, Pub. L. 106–200, (114 Stat. 299–304); Section 4002, Pub. L. 108–429 (7 U.S.C. 7101 note); Section 1633, Pub. L. 109–280 (120 Stat. 1166); Section 325, Pub. L.

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110-343 (122 Stat. 3875); Sections 12314 and 12315, Pub. L. 113-79 (7 U.S.C. 2101 note and 7101 note).

SOURCE: 80 FR 12327, Mar. 9, 2015, unless otherwise noted.

Subpart A—Agriculture Pima Trust

§ 1471.1 Provisions common to this subpart.

(a) *Agriculture Pima Trust*—(1) *Establishment*. The Agriculture Pima Trust has been established to provide funding for payments under this part.

(2) *Purpose*. The purpose of the Agriculture Pima Trust is to reduce the injury to domestic manufacturers resulting from tariffs on cotton fabric that are higher than tariffs on certain apparel articles made of cotton fabric.

(3) *Funding availability*. \$16,000,000 will be available annually for eligible payments authorized under subpart A of this part.

(4) *Definitions*. As used in this subpart:

Agriculture Pima Trust means the Pima Agriculture Cotton Trust Fund.

CCC means the Commodity Credit Corporation.

FAS means the Foreign Agricultural Service.

Secretary means the Secretary of Agriculture.

Agriculture Pima Trust means the Pima Agriculture Cotton Trust Fund.

U.S. means the United States of America.

(b) Other provisions common to subpart A of this part—(1) *Affidavits*. FAS shall annually, not later than February 15 of the year of the applicable payment, make affidavits available on the FAS Web site, which can be found at <http://www.fas.usda.gov/>. Affidavits must be submitted electronically to pimawool@fas.usda.gov.

(2) *Filing deadline*. Any person filing an affidavit under this part for a particular year must file the affidavit for such calendar year, during calendar years 2015 through 2018, not later than March 15 of the applicable calendar year.

(3) *Basic information*. In addition to information required in §§ 1471.3, 1471.4, and 1471.5, as applicable, every person applying for a payment must provide the following information, applicable

to the year for which a payment is sought:

(i) The current company name, address, contact, phone number of the person;

(ii) The name and address of each plant or location of the person during the calendar year immediately preceding the payment; and

(iii) A W-9 providing the Federal tax identification number of the person;

(4) *Standard Form 1199A*. Every person claiming a payment must provide Standard Form 1199A, a direct deposit sign-up form, to facilitate any transfer of funds.

(5) *Affirmation*. Every person applying for a payment must affirm in its affidavit that “all information contained in the application is complete and correct and that the information does not contain a false claim, statement, or representation.”

(6) *Document retention*. All persons receiving a payment under this part must maintain all pertinent documentation for 3 years after the year of receipt of the payment.

(7) *False statements*. Persons providing false or fraudulent claims, or persons making materially false statements or representations in their affidavit, are subject to civil or criminal penalties pursuant to 18 U.S.C. 1001.

(8) *Confidentiality*. Specific business information that is marked “business confidential” will be protected from disclosure to the full extent permitted by law.

(9) *Review of affidavits*. Affidavits will be reviewed to determine whether they are complete and responsive to the content and form of affidavit requirements under this part.

(10) *Finality of determinations by Secretary*. A determination by the Secretary about a payment under this part shall be final and is not subject to appeal or protest.

(11) *Timing of payments*. A payment for which a person is eligible under this part will be disbursed in each of calendar years 2015 through 2018, not later than April 15 of the applicable year.

(12) *Sequester*. Payments covered by this part shall be subject to sequester of payments, if required by law.

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§ 1471.2 Pima cotton payments.

From available funds in the Agriculture Pima Trust, CCC will annually make payments for each of calendar years 2015 through 2018 as follows:

(a) Twenty-five percent of the amounts in the Agriculture Pima Trust shall be paid to one or more nationally recognized associations established for the promotion of pima cotton for use in textile and apparel goods, as determined by the Secretary, during the calendar year immediately preceding the payment.

(b) Twenty-five percent of the amounts in the Agriculture Pima Trust shall be paid to yarn spinners of pima cotton that produce ring spun cotton yarns in the U.S. during 2013 and the calendar year immediately preceding the payment, to be allocated to each yarn spinner in an amount that bears the same ratio as

(1) The yarn spinner's production of ring spun cotton yarns in 2013, measuring less than 83.33 decitex (exceeding 120 metric number) from pima cotton in single and plied form during calendar year 2013, bears to

(2) The production of the yarns described in paragraph (b)(1) of this section during calendar year 2013 by all yarn spinners that qualify under this paragraph (b).

(c) Fifty percent of the amounts in the Agriculture Pima Trust shall be paid to manufacturers that, during the calendar year immediately preceding the payment, certify, pursuant to the affidavit under §1471.4, they used imported pima cotton fabric during calendar year 2013 to produce such shirts, to be allocated to each manufacturer in an amount that bears the same ratio as

(1) The dollar value (excluding duty, shipping, and insurance of imported woven pima cotton shirting fabric of 80s or higher count and 2-ply in warp used by the manufacturer during calendar year 2013 to produce men's and boys' pima cotton shirts, bears to

(2) The dollar value (excluding duty, shipping, and insurance of the fabric described in paragraph (c)(1) of this section used to manufacture men's and boy's pima cotton shirts in 2013 by all manufacturers that qualify under this paragraph (c).

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§ 1471.3 Affidavit of producers of ring spun pima cotton yarn.

In addition to reporting and information requirements in §1471.1, the affidavit of a yarn spinner that is a producer of ring spun cotton yarn must be an affidavit provided annually by an officer of the yarn spinner that produces ring spun yarns affirming that:

(a) During the calendar year immediately preceding the payment and during calendar year 2013, the yarn spinner used pima cotton to produce ring spun cotton yarns in the U.S. measuring less than 83.33 decitex (exceeding 120 metric number), in single and plied form;

(b) During 2013, the yarn spinner actually produced the quantity, measured in pounds, of ring spun cotton yarns measuring less than 83.33 decitex (exceeding 120 metric number), in single and plied form; and

(c) The yarn spinner continues to maintain supporting documentation about such production during calendar year 2013 which shows the actual quantity of such yarns produced, and evidencing the yarns as ring spun pima cotton yarns, measuring less than 83.33 decitex (exceeding 120 metric number), in single and plied form.

§ 1471.4 Affidavit of manufacturers of pima cotton shirts.

(a) *In general.* In addition to applicable information requirements in §1471.1, an affidavit of a manufacturer that is a producer of men's and boys' pima cotton shirts must be an affidavit provided annually by an officer of the manufacturer which affirms the following information

(1) During the calendar year immediately preceding the payment and during calendar year 2013, the manufacturer used imported pima cotton fabric to cut and sew men's and boys' pima cotton shirts in the U.S.;

(2) During calendar year 2013, the dollar value of imported woven pima cotton shirting fabric of 80s or higher count and 2-ply in warp purchased and used by the manufacturer to cut and sew men's and boys' woven pima cotton shirts in the U.S.;

(3) The manufacturer continues to maintain invoices and other supporting documentation (such as price lists and

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other technical descriptions of the fabric qualities) showing the dollar value of such fabric purchased, the date of purchase, and evidencing the fabric as woven pima cotton fabric of 80s or higher count and 2-ply in warp; and

(4) The imported pima cotton fabric purchased in 2013 and in the calendar year immediately preceding the payment was suitable for use in the manufacturing of men's and boys' cotton shirts.

(b) *Date of purchase.* For purposes of the affidavit under paragraph (a) of this section, the date of purchase shall be the invoice date, and the dollar value shall be determined excluding duty, shipping, and insurance.

§ 1471.5 Affidavit of pima cotton trade associations.

In addition to applicable information requirements in § 1471.1, trade associations filing a claim for a payment must electronically provide a statement which states whether, during the calendar year immediately preceding the payment and in calendar year 2014, they were, as determined by the Secretary, a domestic nationally recognized association established and operating for the promotion of pima cotton for domestic use in textile and apparel goods.

Subpart B—Agriculture Wool Trust

§ 1471.10 Provisions common to this subpart.

(a) *Agriculture wool trust*—(1) *Establishment.* The Agriculture Wool Trust has been established to provide funding for payments under this part.

(2) *Purpose.* The purpose of the Agriculture Wool Trust is to reduce the injury to domestic manufacturers resulting from tariffs on wool fabric that are higher than tariffs on certain apparel articles made of wool fabric.

(3) *Funding availability.* Not more than \$30,000,000 will be available annually for payments authorized under this part.

(4) *Definitions.* As used in this subpart:

Agriculture Wool Trust means the Agriculture Wool Apparel Manufacturers Trust Fund.

U.S. means the United States of America.

CCC means the Commodity Credit Corporation.

FAS means the Foreign Agricultural Service.

HTS means the Harmonized Tariff Schedule of the United States.

Secretary means the Secretary of Agriculture.

TRQ means Tariff Rate Quota.

(b) *Provisions common to this part*—(1) *Affidavits.* FAS shall annually, not later than February 15 of the year of the applicable payment, make affidavits available on the FAS Web site, which can be found at <http://www.fas.usda.gov/>. Affidavits must be submitted electronically to: pimawool@fas.usda.gov.

(2) *Filing deadline.* Any person filing an affidavit under this part for a particular year must file the affidavit for such calendar year, during calendar years 2015 through 2019, not later than March 1 of such year.

(3) *Required information.* In addition to information required in §§ 1471.11, 1471.13, and 1471.14, as applicable, every person applying for a payment under this part must provide the following information applicable to the year for which a payment is sought:

(i) The current company name, address, contact, phone number of the person;

(ii) The name and address of each plant or location of the person in the year immediately preceding the payment; and

(iii) A W-9 providing the Federal tax identification number of the person.

(4) *Standard Form 1199A.* Every person seeking a payment must also provide Standard Form 1199A, a direct deposit sign-up form, to facilitate any transfer of funds.

(5) *Affirmation.* A person filing an affidavit under this part must affirm that “all information contained in the application is complete and correct and that the information does not contain a false claim, statement, or representation.”

(6) *Document retention.* All persons receiving a payment under this part must maintain all pertinent documentation for three years after the year of receipt of the payment.

(7) *False statements.* Persons providing false or fraudulent claims or making materially false statements or representations are subject to civil or criminal penalties pursuant to 18 U.S.C. 1001.

(8) *Confidential information.* Specific business information provided in affidavits that is marked “business confidential” will be protected from disclosure to the full extent permitted by law.

(9) *Review of affidavits.* Affidavits will be reviewed to determine whether they are complete and responsive to the content and form of affidavit requirements in this part.

(10) *Finality of determination by the Secretary.* A determination by the Secretary about a payment under this part shall be final and is not subject to appeal or protest.

(11) *Timing of payments.* A payment for which a person eligible under this part will be disbursed in each of calendar years 2015 through 2019 not later than April 15 of the applicable year.

(12) *Proration and sequester.* Payments covered by this part will be subject to proration in the event that insufficient funds exist in the Agriculture Wool Trust during the year of the payment, and will be subject to sequester, if required by law.

(13) *HTS subheadings.* All references to subheadings of the HTS in this part are to the subheadings as described in the HTS in 2014.

§ 1471.11 Payments to manufacturers of certain worsted wool fabrics.

(a) *Definitions.* In this section the following definitions apply:

Eligible person. The term “eligible person” means a manufacturer in the U.S. of qualifying worsted wool fabric during the calendar year immediately preceding the payment and during each of calendar years 1999, 2000, and 2001.

Qualifying worsted wool fabric. The term “qualifying worsted wool fabric” means a worsted wool fabric containing at least 85% by weight worsted wool of the kind described in subheading 9902.51.11 or 9902.51.15 of the 2014 HTS that, during the calendar year immediately preceding the payment and during each of calendar years 1999, 2000,

and 2001, was manufactured by an eligible person in the United States.

(b) *Distribution of funds.* From amounts in the Agriculture Wool Trust, CCC will annually make payments for each of calendar years 2015 through 2019 to eligible persons that manufactured qualifying worsted wool fabric as provided in paragraphs (b)(1) or (2) of this section.

(1) *Payments for production under subheading 9902.51.11 of the HTS—(i) In general.* Eligible persons that manufactured qualifying worsted wool fabric during calendar years 1999, 2000, and 2001 that is of the kind described in subheading 9902.51.11 of the HTS are eligible for a payment as provided in paragraph (b)(1)(ii) of this section.

(ii) *Payment amounts.* A total of \$2,666,000 will be allocated annually among eligible persons covered by this paragraph on the basis of the percentage of each eligible person’s total production (actual production, not estimates) for the calendar year immediately preceding the payment of qualifying worsted wool fabric described in paragraph (b)(1)(i) of this section in relation to the total production for the calendar year immediately preceding the payment of such fabric by all eligible persons who qualify for payments under this paragraph.

(2) *Payments for production under subheading 9902.51.15—(i) In general.* Eligible persons that manufactured qualifying worsted wool fabric during calendar years 1999, 2000, and 2001 that conforms in composition to subheading 9902.51.15 of the HTS are eligible for a payment as provided in paragraph (b)(2)(ii) of this section.

(ii) *Payment amounts.* A total of \$2,666,000 will be allocated annually among eligible persons covered by this paragraph on the basis of the percentage of each eligible person’s total production (actual production, not estimates) for the calendar year immediately preceding the payment of qualifying worsted wool fabric described in paragraph (b)(2)(i) of this section in relation to the total production for the calendar year immediately preceding the payment of such fabric by all eligible persons who qualify for payments under this paragraph.

(c) *Annual affidavit*—(1) *In general.* An eligible person applying for a payment under this section shall comply with all applicable reporting requirements of this section and of § 1471.10.

(2) *Specific business information.* An eligible person shall, for the calendar year immediately preceding the payment and for each of calendar years 1999, 2000, and 2001, annually report the actual dollar value and the actual quantity (linear yards) of qualifying worsted wool fabric that was manufactured.

(3) *Manufacturing of wool.* When reporting the annual dollar value and quantity of imports of qualifying worsted wool fabric, and the annual dollar value and quantity of the qualifying wool fabric that was manufactured, an eligible person may either have manufactured the qualifying worsted wool on its own behalf or had another person manufacture the qualifying worsted wool fabric, provided the eligible person owned the qualifying worsted wool fabric at the time of manufacture.

§ 1471.12 [Reserved]

§ 1471.13 Monetization of the wool tariff rate quota.

(a) *Definitions.* In this section the following definitions apply:

(1) *Lower duty rate.* The term “lower duty rate” means the duty rate as codified in the 2014 HTS that would have been applicable to qualifying worsted wool fabric of the kind described in subheadings 9902.51.11, 9902.51.15, and 9902.51.16 of the 2014 HTS prior to the expiration of the Wool TRQ on December 31, 2014.

(2) *Eligible person*—(i) *In general.* The term “eligible person” means a manufacturer (or a successor-in-interest to the manufacturer) in the U.S. during the calendar year immediately preceding the payment that:

(A) Imported qualifying worsted wool fabric; and

(B) Used the imported qualifying worsted wool fabric

(I) In the case of wool of the kind described in subheadings 9902.51.11 or 9902.51.15 of the 2014 HTS, to produce worsted wool suits, suit-type jackets and trousers for men and boys; or

(2) In the case of wool fabric of the kind described in subheading 9902.51.16 of the 2014 HTS, used such wool fabric in manufacturing.

(ii) *Successor-in-interest.* If a person satisfies the criteria for becoming a successor-in-interest to an eligible person under paragraph (a)(4) of this section, the person shall succeed to the status of the eligible person and become eligible for the payment.

(3) *Qualifying worsted wool fabric.* The term “qualifying worsted wool fabric” means imported worsted wool fabric containing at least 85% by weight worsted wool of the kind described in subheadings 9902.51.11, 9902.51.15, or 9902.51.16 of the 2014 HTS that, during the calendar year immediately preceding the payment was:

(i) Imported by an eligible person in the U.S.; and

(ii) Used by the eligible person in the U.S.

(A) In the case of wool fabric of the kind described in subheadings 9902.51.11 or 9902.51.15 of the HTS, to produce worsted wool suits, suit-type jackets and trousers for men and boys; or

(B) In the case of wool fabric of the kind described in subheading 9902.51.16 of the HTS, was used in manufacturing.

(4) *Successor-in-interest.* The term “successor-in-interest” means a person that is eligible to claim a payment under this section as if the person were the original eligible person, without regard to section 3727, title 31, United States Code because of—

(i) An assignment of the claim;

(ii) An assignment of the original eligible person’s right to manufacture under the same trade name; or

(iii) A reorganization of the eligible person.

(b) *Purposes.* The purposes of a TRQ monetization payment are to provide an eligible person—

(1) Compensation for termination of the TRQ for qualifying worsted wool fabric; and

(2) A payment that is equivalent to the amount the eligible person would have saved during the calendar year for imports of qualifying worsted wool fabric if the lower duty rate under the applicable 2014 HTS subheading(s) of a qualifying worsted wool fabric were in effect.

(c) *Calculation of monetized TRQ payment.* A payment will be established by calculating, as provided in paragraphs (c)(1) through (4) of this section, the savings that would have been realized by the eligible person for imports of qualifying worsted wool fabric of the kind described in one of the three subheadings 9902.51.11, 9902.51.15, or 9902.51.16 of the 2014 HTS (as applicable), had the lower duty rate been in effect.

(1) *Payment formula.* Except as provided in paragraph (c)(2) of this section, a payment shall be calculated by

(i) Establishing the reported dollar value of imported worsted wool fabric, for each of the 2014 HTS subheadings of worsted wool fabric, during the calendar year immediately preceding the payment;

(ii) Subtracting the duty rate (converted to numeric value) for each applicable 2014 HTS subheading of worsted wool fabric that would have been paid in calendar year 2014 from the duty rate (converted to numeric value) that was actually paid in the calendar year immediately preceding the payment;

(iii) For each applicable 2014 HTS subheading of worsted wool fabric, multiplying the numeric values described in paragraphs (c)(1)(i) and (ii) of this section; and

(iv) Adding each product obtained in paragraph (c)(1)(iii) of this section.

(2) *Exception for 2015 payment.* In the case of the payment to be made in 2015, for purposes of the calculation component described in paragraph (c)(1)(ii) of this section the duty rate applicable in 2015 shall be deemed the duty rate actually paid in 2014. The reason for this exception for the 2015 payment is that 2014 is both the last year in which the lower duty rate was still in effect, and is also the calendar year immediately preceding the payment (the payment is in 2015). As a result, for the 2015 payment, a proxy is necessary for the higher duty rate in the calendar year immediately preceding the payment.

(3) *2015 payment.* A payment in 2015 shall be calculated by

(i) Establishing the reported dollar value of imported worsted wool fabric during the calendar year immediately

preceding the payment under the 2014 HTS subheading of worsted wool fabric;

(ii) Subtracting the lower duty rate (converted to numeric value) that would have been applicable to the 2014 HTS subheading of worsted wool fabric from the duty rate applicable to that HTS subheading in 2015 (converted to numeric value);

(iii) Multiplying the numeric values described in paragraphs (c)(3)(i) and (ii) of this section; and (iv) Adding the product obtained in paragraph (c)(3)(iii) of this section to the product obtained for every applicable subheading of worsted wool fabric.

(4) *2016–2019 payments.* A payment in each of years 2016–2019 shall be calculated by

(i) Establishing the reported dollar value of imported worsted wool fabric during the calendar year immediately preceding the payment under the 2014 HTS subheading of worsted wool fabric;

(ii) Subtracting the lower duty rate (converted to numeric value) that would have been applicable to the 2014 HTS subheading of worsted wool fabric from the duty rate applicable to the calendar year preceding the payment (converted to numeric value);

(iii) Multiplying the numeric values described in paragraphs (c)(4)(i) and (ii) of this section; and

(iv) Adding the product obtained in paragraph (c)(3)(iii) of this section to the product obtained for every applicable subheading of worsted wool fabric.

(d) *Annual affidavit*—(1) *In general.* An eligible person applying for a payment under this section shall comply with all applicable reporting requirements of this section and of § 1471.10.

(2) *Specific business information*—(i) *Imports and production.*—An eligible person shall, for the entire calendar year immediately preceding the payment, report the actual dollar value and the actual quantity of

(A) Imports into the U.S. of qualifying worsted wool fabric (square meters); and

(B) The qualifying worsted wool fabric used by the eligible person in the U.S.

(I) In the case of wool of the kind described in subheadings 9902.51.11 or 9902.51.15 of the 2014 HTS, to produce worsted wool suits, suit-type jackets

and trousers for men and boys (units); or

(2) In the case of wool of the kind described in subheading 9902.51.16 of the 2014 HTS, such wool that was manufactured (square meters).

(ii) *Direct and indirect importers*—(A) *In general.* Eligible persons that import qualifying worsted wool fabric through a third party broker are considered to be indirect importers of the qualifying worsted wool fabric. Persons that directly import qualifying worsted wool fabric and pay the import duty for such wool are considered to be direct importers of the qualifying worsted wool fabric.

(B) *Reported dollar value.* Eligible persons must state in their annual affidavit whether, in the calendar year immediately preceding the payment, they were direct or indirect importers, and the dollar value of the imported qualifying worsted wool fabric. The reported dollar value of such imports by indirect importers will be subject to a 10% reduction.

(C) *Affirmation.* An eligible person shall annually affirm in the affidavit that, in the calendar year immediately preceding the payment, in the U.S., the eligible person:

(1) Directly or indirectly imported the qualifying worsted wool fabric into the U.S.;

(2) Used that fabric to produce in the U.S. worsted wool suits, suit jackets, and trousers for men and boys (or, in the case of qualifying worsted wool fabric of the kind described in the 2014 HTS subheading 9902.51.16, for manufactured in the U.S.); and

(3) Imported qualifying worsted wool fabric from the country of origin identified in the affidavit.

(iii) *Import documentation*—(A) *Direct imports.* Applicable to the calendar year immediately preceding payment, an eligible person that directly imported qualifying worsted wool fabric is required to submit to FAS as part of the affidavit package scanned copies of CBP Form 7501 “Entry Summary” for the relevant calculations made in the affidavit.

(B) *Indirect imports.* Applicable to the calendar year immediately preceding payment, an eligible person that indirectly imported qualifying worsted

wool fabric is required to submit to FAS as part of the affidavit package invoices from third party brokers as required in the affidavit.

(3) *Production of garments or manufacturing of qualifying worsted wool fabric*—

(i) *Production of garments*—(A) *In general.* When reporting the annual dollar value and quantity of imported qualifying worsted wool fabric, and the annual dollar value and quantity of the qualifying worsted wool fabric that was cut and sewn, an eligible person may either have cut and sewn the wool on its own behalf or had another person cut and sew the wool on behalf of the eligible person, provided the eligible person owned the wool at the time it was cut and sewn.

(B) *Applicability.* This paragraph applies to wool of the kind described in subheadings 9902.51.11 and 9902.51.15 of the 2014 HTS.

(ii) *Manufacturing of qualifying worsted wool fabric*—(A) *In general.* When reporting the annual dollar value and quantity of imported qualifying worsted wool fabric, and the annual dollar value and quantity of the qualifying worsted wool fabric that was manufactured, an eligible person may either have manufactured the wool on its own behalf or had another person manufacture the wool, provided the eligible person owned the wool at the time of manufacture.

(B) *Applicability.* This paragraph applies to wool of the kind described in subheading 9902.51.16 of the 2014 HTS.

§ 1471.14 Wool yarn, wool fiber, and wool top duty compensation payment.

(a) *Definitions.* In this section the following definitions apply:

(1) *Duty.* The term “duty” means the duty rate codified in the HTS for a year that is applicable to qualifying wool of the kind described in subheadings 9902.51.13 and 9902.51.14 of the 2014 HTS.

(2) *Eligible person*—(i) *In general.* The term “eligible person” means a manufacturer (or a successor-in-interest to the manufacturer) in the U.S. during the calendar year immediately preceding the payment; that

(A) Imported qualifying wool; and

(B) Manufactured the qualifying wool.

(ii) Successor-in-interest. If a person satisfies the criteria for becoming a successor-in-interest to an eligible person under paragraph (a)(4) of this section, the person shall succeed to the status of the eligible person and become eligible for the payment.

(3) *Qualifying wool*. The term “qualifying wool” means imported wool yarn of the kind described in subheading 9902.51.13 of the 2014 HTS, and imported wool fiber or wool top of the kind described in subheading 9902.51.14 of the 2014 HTS, that, during the calendar year immediately preceding the payment was

(i) Imported, directly or indirectly, by an eligible person (or a successor-in-interest) into the U.S.; and

(ii) Manufactured by the eligible person in the U.S.

(4) *Successor-in-interest*. The term “successor-in-interest” means a person that is eligible to claim a payment under this section as if the person were the original eligible manufacturer, without regard to section 3727, title 31, U.S. Code because of

(i) An assignment of the claim;

(ii) An assignment of the eligible person’s right to manufacture under the same trade name; or

(iii) A reorganization of the eligible person.

(b) *Import duties*. The duties on imports of qualifying wool were suspended in their entirety in section 503 of the Trade and Development Act of 2000. The suspension of the duties for both HTS subheadings of qualifying wool was extended through December 31, 2014. These duties were reinstated as of January 1, 2015.

(c) *Duty compensation payment*—(1) *Calculation of payment*. For each of the 2015–2019 calendar years the duty compensation payment of an eligible person will be established by calculating, as provided in paragraphs (c)(2) through (5) of this section, the savings that would have been realized by the eligible person for imports of qualifying wool had the duty suspension been in effect.

(2) *Savings for each subheading*. The savings realized by an eligible person for imports of qualifying wool under a

HTS subheading covered by this section shall be obtained by multiplying

(i) The reported dollar value of imports under a HTS subheading during the calendar year immediately preceding the payment; and

(ii) Except as provided in paragraph (c)(5) of this section, the duty applicable to that HTS subheading in the calendar year preceding the payment, converted to numeric value.

(3) *Sum of subheading savings*. The product obtained in paragraph (c)(2) of this section for imports of qualifying wool previously described under each HTS subheading shall be added to the savings obtained for imports under the other HTS subheading (as applicable).

(4) *Duty compensation payment amount*. The sum obtained in paragraph (c)(3) of this section shall equal the annual duty compensation payment for the eligible person for the applicable calendar year.

(5) *Exception for 2015 payment*. In the case of the 2015 payment, for purposes of the calculation component described in paragraph (c)(2) of this section the duty rate applicable in 2015 shall be deemed the duty rate actually paid in 2014. The reason for this exception for the 2015 payment is that 2014 is both the last year in which the duty suspension was still in effect, and is also the calendar year immediately preceding the payment (the payment is in 2015). As a result, for the 2015 payment, a proxy is necessary for the higher duty rate in the calendar year immediately preceding the payment.

(d) *Annual affidavit required*—(1) *In general*. An eligible person applying for a payment under this section shall comply with all applicable reporting requirements described in this section and § 1471.10.

(2) *Specific business information*—(i) *Imports and production*. An eligible person shall, for the calendar year immediately preceding the payment, report the actual dollar value and the actual quantity of:

(A) Imports into the U.S. of qualifying wool by the eligible person; and

(B) Such qualifying wool that was manufactured in the U.S. by the eligible person.

(ii) *Direct and indirect importers*—(A) *In general*. Eligible persons that import

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qualifying wool through a third party broker are considered to be indirect importers of the qualifying wool. Persons that directly import qualifying wool and pay the import duty for such wool are considered to be direct importers of the qualifying wool.

(B) *Reported dollar value.* Eligible persons must state in their annual affidavit whether, in the calendar year immediately preceding the payment, they were direct or indirect importers, and the dollar value of the imported qualifying wool. The reported dollar value of imports by indirect importers will be subject to a 10% reduction.

(C) *Affirmation.* An eligible person shall annually affirm in the affidavit that, in the calendar year immediately preceding the payment, the eligible person

(1) Directly or indirectly imported the qualifying wool into the U.S.;

(2) Manufactured the qualifying wool in the U.S.; and

(3) Imported qualifying wool from the country of origin identified in the affidavit.

(iii) *Import documentation*—(A) *Direct imports.* Applicable to the calendar year immediately preceding the payment, an eligible person that directly imported qualifying wool is required to submit to FAS as part of the affidavit package scanned copies of CBP Form 7501 “Entry Summary” for the relevant calculations made in the affidavit.

(B) *Indirect imports.* Applicable to the calendar year immediately preceding the payment, an eligible person that indirectly imported qualifying wool is required to submit to FAS as part of the affidavit package invoices from third party brokers for the relevant calculations made in the affidavit.

(3) *Manufacture of qualifying wool.* When reporting the annual dollar value and quantity of imported qualifying wool, and the annual dollar value and quantity of the qualifying wool that was manufactured, an eligible person may either have manufactured the qualifying wool on its own behalf or had another person manufacture the qualifying wool, provided the eligible person owned the qualifying wool at the time of manufacture.